



Achieving Balance:
Solutions to the Fiscal Year 2003
Projected Revenue Shortfall
Public Briefing and Consultation

Mayor Anthony A. Williams

October, 2002

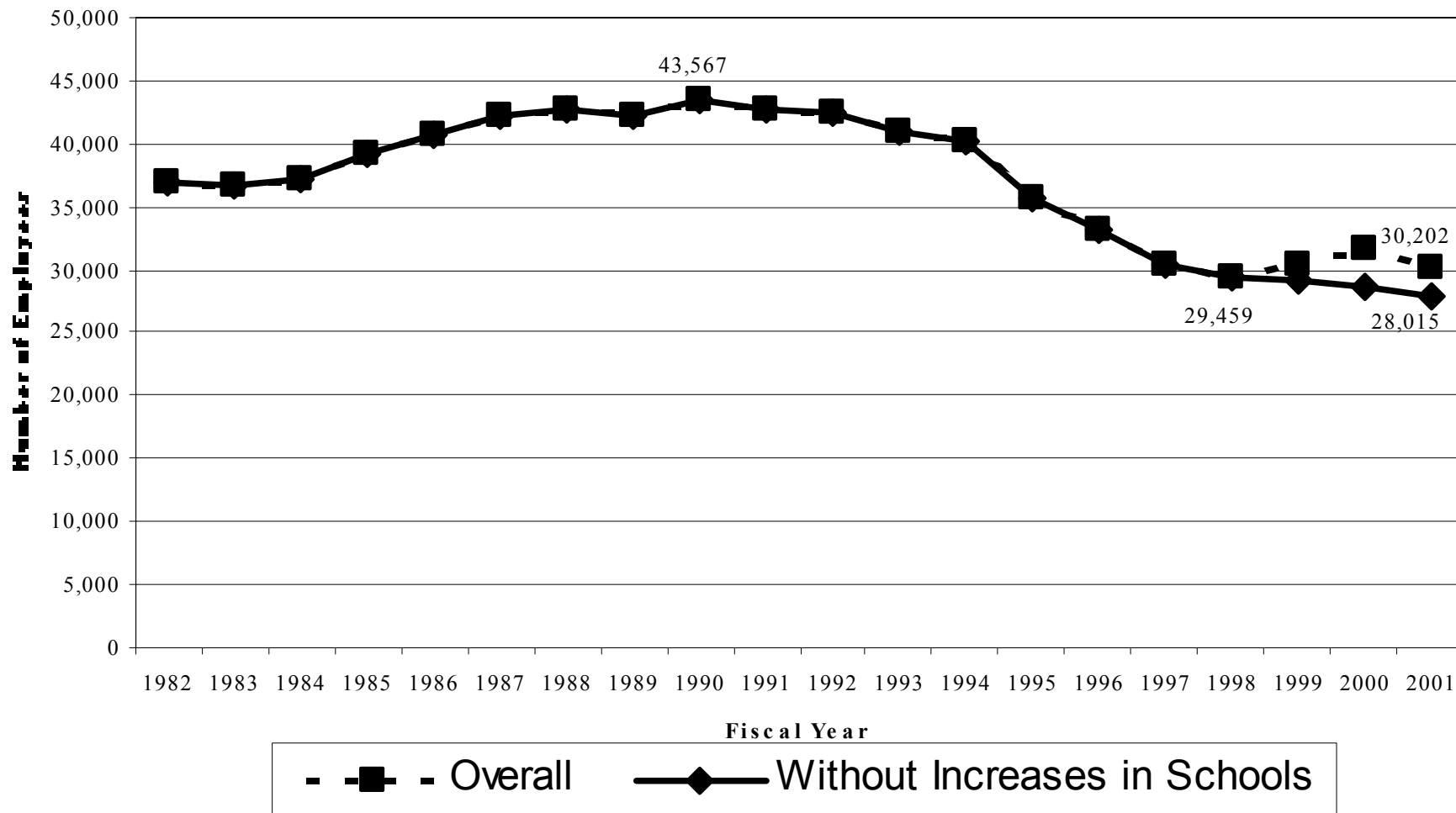


Today's Discussion

Our challenge: A \$323 million
projected revenue shortfall

- How the City got here
- Tough Choices: Mayor's proposal
- Public input

Historical Increase and Decrease in Size of DC Government





How the City got here: Right Sizing Government

- Managing FY 2001
 - Reduced agency spending by \$52 million
- Balancing FY 2002
 - Compensated for \$96 million revenue loss
 - Reduced agency costs by \$30 million
- Planning for FY 2003
 - April: Balanced budget sent to Hill, which included:
 - \$90 million in operating cost reductions to fund other priorities
 - \$120 million in capital project reductions to fund other priorities
 - September: Additional \$323 million revenue shortfall



How the City got here: Economic Downturn

- 40 States reporting budget shortfalls
 - 26 will cut spending in areas including:
 - Education
 - Corrections
 - Medicaid
 - 16 will increase taxes
 - 10 will raise fees



What we are proposing: Guiding Principles

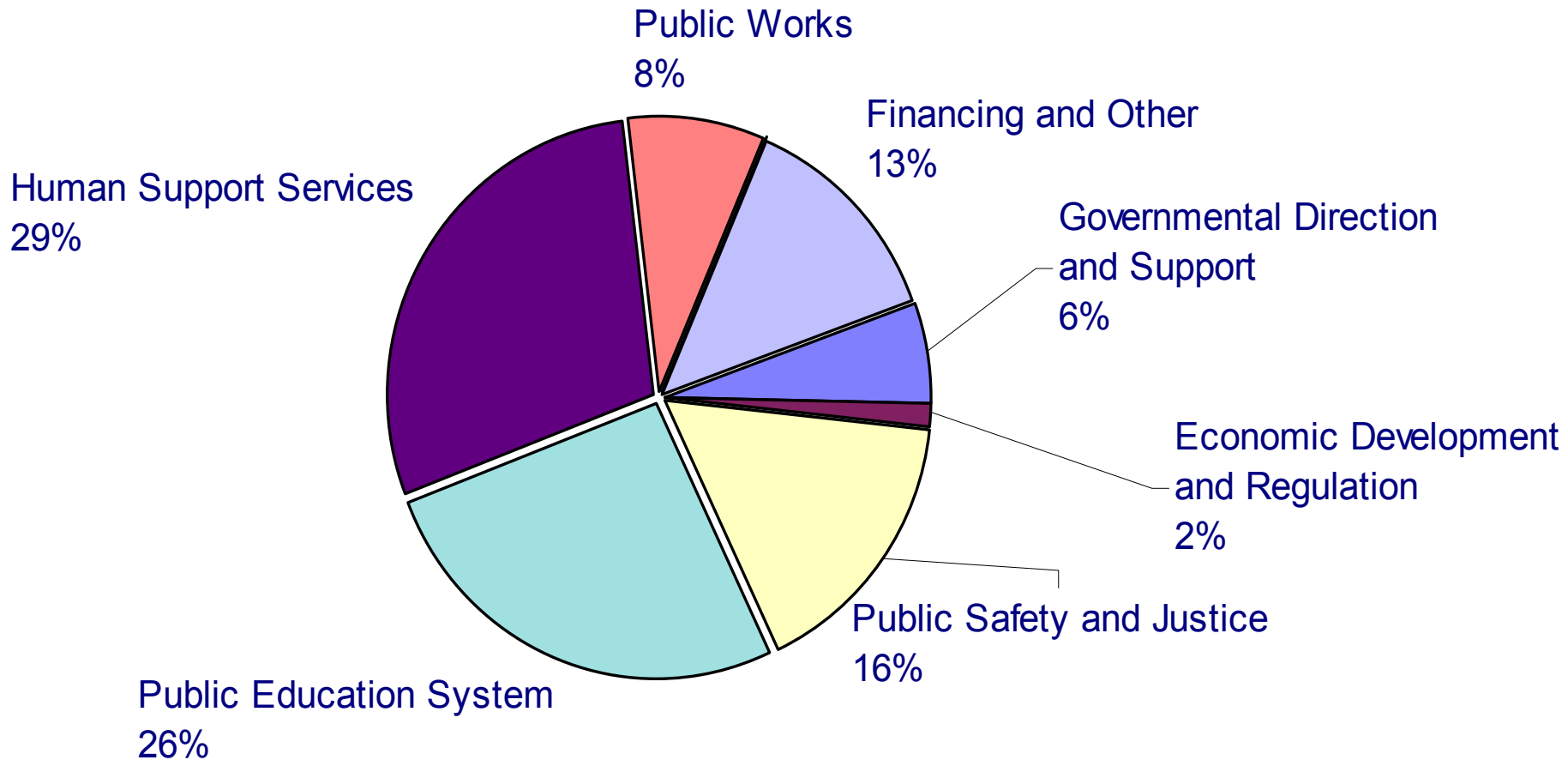
1. Protect basic city services and core benefits for our most vulnerable
2. Maintain the drivers of economic growth
3. Share the burden fairly



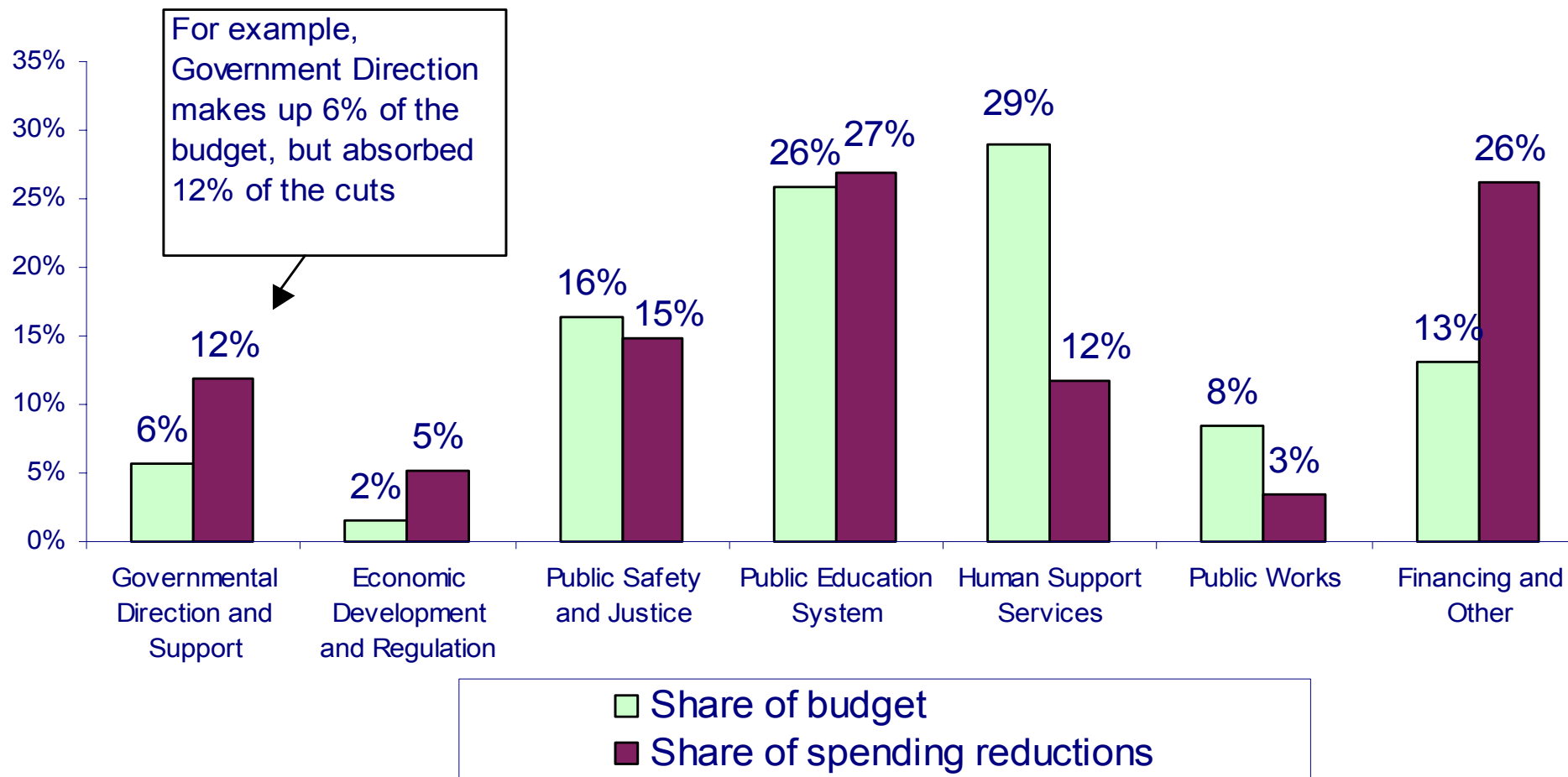
The District's Solution

1. Delay new spending	\$106 m
2. Reduce current programs	<u>\$88 m</u>
3. Total Spending Cuts	\$194 m
4. Increase revenues	\$129 m
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5. Total Solutions	\$323 m

What percentage of the **BUDGET** does each area receive? (Local funds)



How much of the spending reduction did each area absorb? And how does that compare to their share of the budget?



Percentage Change in Budgets From FY02 to FY03

